

UNC DSC Credit Committee Minutes
Tuesday 21 November 2023
via Microsoft Teams

Attendees (Non-Voting)

Yvonne Reid-Healy (Chair)	(YRH)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Charlotte Gilbert	(CG)	BU UK IGT Observer
Daniel Wilkinson	(DW)	EDF Observer
Sharon Texeira	(ST)	Cadent Observer

CDSP Credit Representatives (Non-Voting)

Brendan Gill	(BG)	Xoserve
Claire Jamieson	(CJ)	Xoserve

Shipper User Representatives (Voting)

James Knight	(JK)	Centrica
Jane Morrison	(JM)	SSE
Laura Dawson	(LD)	E.ON

Transporter Representatives (Voting)

Howard Gormley	(HG)	Cadent
Jenny Rawlinson	(JR)	IGT
Richard Loukes	(RL)	National Gas Transmission
Samuel Lyons	(SL)	Wales & West Utilities
Stephen Cross	(SC)	Scotia Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dsc-credit/211123>

DSC Credit meetings will be quorate where there are at least 3 voting members, or appointed alternates in attendance.

1. Introduction

Yvonne Reid-Healy (YRH) welcomed all representatives to the meeting.

1.1. Apologies for absence

Elisa Trout

Steve Mulinganie

1.2. Note of Alternates

None advised.

1.3 Quoracy Status

The meeting was confirmed as quorate.

1.4 Approval of Minutes (23 August 2023)

The minutes of the previous meeting were approved.

1.5 Approval of Late Papers

No late papers to consider.

2. CDSP Operational Report

Claire Jamieson (CJ) presented the DSC Credit Committee Operational Statistics. For full details please refer to the Scorecards published on the meeting page:

Cash collection:

Month	Payment Due Date (PDD)	Payment Due Date +3
August	99.55%	99.84%
September	98.77%	99.97%
October	99.35%	99.83%

There had been a dip in collection performance on Payment Due Date (PDD) in September, due to several users setting their Gemini Service invoice a day late.

Cash Collection Figures:

Month	Invoices Due for Collection	Payment Due Date	Payment Due Date +3
August	£9,121,179.70	£9,080,033.94	£9,106,790.03
September	£8,647,167.07	£8,540,448.54	£8,644,773.07
October	£8,650,106.37	£8,593,939.62	£8,635,617.21

Failure to Pay Notices Issued:

Month	Failure to Pay Notices Issued	Value
August	6	£41,002.85
September	9	£106,654.40
October	6	£56,166.75

Invoicing:

No invoicing issues were reported during this quarter.

The Total of late paid charges during the quarter was £1,834.71

Escalations:

No escalations to report.

Outlook:

Xoserve will continue early engagement with customers leading up to the payment due date and increase communications with administrators to pursue failed user debt.

Securities:

CJ presented the Credit Ratings summary with 88% of customers supported with credit rating.

Type of Security	Number of Customers	Percentage	Financial Value
Prepayment customers	25	7%	Payment is made before service provided
Secured with a Letter of Credit, Parent Company Guarantee or Deposit Deed	19	5%	£5,877,591
Immediate Payment Terms	0	0%	N/A

Supplier Failure CDSP Debt:

The total CDSP Supplier debt totalled £31,911.78.

Shipper Failure CDSP Debt:

Total Shipper Failure debt totalled £522,767.85.

Dividends Received:

Dividend payments received to date for outstanding debt £5,814.33

Debt Write-Offs:

CJ reported that £15,037.65 of the CDSP debt relating to failed customers had been written off (against a debt of £18,617.06).

CDSP Dividends Expected:

CJ confirmed that dividends are expected in the coming months for 5 Shippers/Suppliers. Total £109,910.18.

CDSP Debt and Recovery position:

The overall year-end position (to date) has not resulted in any debt being recovered. The multiple Shipper and Supplier failures in effect, reduced profit which in turn will impact any Service and Operate rebates. See Action Update 0801.

3. Review of Outstanding Actions

0501: Reference Parties with ‘Stranded Meter Points’ – Xoserve (BG/CJ) to look to include an additional slide within the DSC Credit Committee & EBCC Operational Report presentations to highlight potentially ‘stranded meter points’ where a live Shipper has not been assigned (inc. assessment of potential positions, status update and date of failure etc.). Additionally, BG to provide an update to PAC on this matter via the PAC chairperson.

Update: BG/CJ provided members with a slide providing an update on stranded meter points, reporting a reduction from 749 to 558 meter points, a reduction of 191, and a reduction from 4 to 2 suppliers. BG confirmed that concerns have been raised with Ofgem about the entry of a Shipper and the confidence to operate successfully. Samuel Lyons (SL) enquired about the potential go-live date, for this Shipper, which is expected in the New Year. BG confirmed that Xoserve are providing links to training material in support of enquiries received on operating processes. **Carried Forward.**

0801: Debt Smearing – Xoserve (BG) to confirm whether Shipper CDSP debt is smeared across all constituencies.

Update: CJ provided an update following the last DSC Credit Committee when the Committee discussed CDSP debt following several Gas Shippers and Suppliers failing during the gas crisis.

Xoserve shared the work undertaken in pursuing the debt through appointed insolvency practitioners. Any debt or dividend received is captured by the Xoserve Finance Team and recorded in the Profit and Loss Accounting. Although the overall year-end position to date has not resulted in any debt being recovered, the rules do provide the ability for Xoserve to do this.

Section 2.2 of the Credit Rules states the following:

2.2 Responsibility for Financial Loss

*If a Customer or multiple Customers fail to pay the Charges in-accordance with the DSC, such unrecoverable costs will be included as soon as reasonably practicable in the Costs (as defined in the Budget and Charging Methodology Document) and such Costs will be payable by the Customers as set out in the Budget and Charging Methodology Document. The effect of the provisions of the Budget and Charging Methodology Document is that if Customers fail to make payment of any invoice issued when due, **all other Customers** shall become liable for (in aggregate) for an equivalent amount (together with an amount in respect of the cost of financing such non-payment).*

A change would be needed to the Budget and Charging Methodology if customers agreed (through discussion at CoMC) that unrecovered debt should be recovered from the constituent group of the organisation who incurred the debt.

The credit rules would subsequently be updated following such a change to the Budget and Charging Methodology.

Following the update the Committee agreed to close this action. **Closed.**

0802: Xoserve to share with Ofgem the overall CDSP Debt and recovery position following each committee meeting with a standard agenda item to provide confirmation.

Update: BG confirmed that the CDSP Debt and recovery position has been incorporated within the Operational Update, confirming this will be a standard reporting item going forward. Updates are also being provided following each Committee meeting to the Ofgem policy and licensing teams. Xoserve are working with Ofgem to arrange a session with the Credit Committees, to collectively look at processes, to ascertain if anything can be done sooner to remove users from the market, what checks are in place, and lessons learnt. A meeting with Ofgem will be arranged in due course. Dates will be communicated. **Carried Forward.**

4. Key Messages

BG confirmed that the focus remains on debt recovery in addition to increasing awareness with Ofgem of debt and recovery.

5. Any Other Business

5.1. Addition Reporting Information

BG asked for feedback from the Committee on areas they would like Xoserve to report on.

Howard Gormley (HG) enquired about the identification of Shippers. BG explained the end-to-end process and the stages followed when an invoice is not paid. He clarified that the identity of the Shipper would only be shared at a certain point, but not for failures paid one day late. This is to account for potential administration errors.

Jane Morrison (JM) enquired about the recovery dividends and if more information is available. Brendan Gill (BG) explained the smearing of the debt.

5.2. CICM Accreditation Assessment

BG provided an update on the CICM assessment. A report is expected within 8 weeks of the assessment day in mid-October on whether Xoserve will be re-accredited.

6. Next Steps

None advised.

7. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>
<https://www.gasgovernance.co.uk/DSC-Credit/2024>

Time / Date	Venue	Workgroup Programme
09:15 Wednesday 21 February 2024	Microsoft Teams	Standard agenda items
09:15 Wednesday 22 May 2024	Microsoft Teams	Standard agenda items
09:15 Wednesday 21 August 2024	Microsoft Teams	Standard agenda items
09:15 Tuesday 18 November 2024	Microsoft Teams	Standard agenda items

DSC Credit Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Due Date	Status Update
0501	24/05/23	5.1	<i>Reference Parties with 'Stranded Meter Points' – Xoserve (BG/CJ) to look to include an additional slide within the DSC Credit Committee & EBCC Operational Report presentations to highlight potentially 'stranded meter points' where a live Shipper has not been assigned (inc. assessment of potential positions, status update and date of failure etc.). Additionally, provide an update to PAC on this matter via PAC chairperson.</i>	Xoserve (BG/CJ)	February 2024	Carried Forward
0801	30/08/23	2.0	<i>Debt Smearing – Xoserve (BG) to confirm whether Shipper CDSP debt is smeared across all constituencies.</i>	Xoserve (BG)	End of September 2023	Closed
0802	30/08/23	2.0	<i>Xoserve to share with Ofgem the overall CDSP Debt and recovery position following each committee meeting. Standard agenda item to provide confirmation.</i>	Xoserve (BG)	February 2024	Pending